

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: Torch Energy Advisors Incorporated (herein "Torch")
And Pocahontas Gas Partnership (herein "PGP")
(Torch and PGP are sometimes herein collectively
referred to as "Applicants")

DOCKET NO.
VGOB 92/02/18-0185-01

**RELIEF
SOUGHT:**

Accountings, Disbursements from Escrow Account,
and Amendment of Board's Pooling Order for
Drilling Unit SLW 7 in Docket No.
VGOB 92/02/18-0185 entered April 29, 1992
and recorded May 1, 1992 in Deed Book 390,
Page 666 (herein "Pooling Order"), the Board's
Supplemental Order Regarding Elections entered
in Docket No. VGOB 92/02/18-0185 on
July 11, 1996 and Recorded July 18, 1996 in
Deed Book 451, Page 172 (herein "Supplemental
Order"), and the Board's Amended Supplemental
Order in Docket Number VGOB 92/02/18-0185
entered June 26, 1998 and recorded July 14, 1998
in Deed Book 478 at Page 623 (herein
"Amended Supplemental Order") all in the Office of
the Circuit Court of Buchanan County, Virginia

LEGAL

DESCRIPTION: Drilling Unit Number SLW7 as Created by Board
Order Effective as of February 18, 1992, Docket
No. VGOB 92/01/21-0180 (herein "Subject Drilling
Unit") in the Hurricane Magisterial District,
Buchanan County, Virginia (herein "Subject Lands")

REPORT OF THE BOARD

FINDINGS AND ORDER

1. **Hearing Date and Place:** This matter came on for hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on April 21, 1998, and as a result of action taken by the Board on that date, and as a result of the subsequent accountings filed by the Operator with the Board, the Board hereby enters this Order.
2. **Appearances:** Jill Harrison of the firm Penn Stuart appeared in behalf of the Applicants. Sandra B. Riggs, Assistant Attorney General was present to advise the Board.
3. **Jurisdiction and Notice:** Pursuant to Va. Code § 45.1-361.1 *et seq.*, the Board finds that it has jurisdiction over the establishment and maintenance of the escrow account established by the Board for Subject Drilling Unit pursuant to the terms of the Pooling Order, the Supplemental Order, and the Amended Supplemental Order (herein "Escrow Account") into which the Unit Operator is required to deposit those funds specified in the escrow requirements of the Virginia Gas and Oil Act (herein "Act") found at Va. Code § 45.1-361.21.D., 45.1-361.22.A.2., 45.1-361.22.A.3., and 45.1-361.22.A.4. (herein "Escrowed Funds"). Further, the Board finds: (1) that it does not have jurisdiction to resolve conflicting claims of ownership to the Coalbed Methane Gas being produced by the Unit Operator from wells located on Subject Drilling Unit, (2) that it does not have jurisdiction to interpret voluntary

agreements between the Gas owners/claimants and the Unit Operator or to abridge or contravene the provisions of such agreements, and (3) that pursuant to Va. Code § 45.1-361.22.A.5, it does have jurisdiction and authority to disburse funds from the Escrow Account provided there has first been either a legal determination of Applicants' entitlement with respect to the liquidated amount of funds on deposit in the Escrow Account attributable or allocable to Applicants' interest therein or there is an agreement by all of the owners/claimants within the drilling unit as to the amount of their respective Entitlement to the Escrowed Funds. The Applicants have represented to the Board that they have given notice to all parties (hereafter sometimes "person(s)" whether referring to individuals, corporations, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) entitled by Va. Code §§ 45.1-361.19 and 45.1-361.22 to notice of this application, i.e., those persons identified and set forth in Exhibit E hereto (persons identified by the Operator in the Amended Supplemental Order as being those owners/claimants whose interests in Subject Drilling Unit are subject to the escrow requirements of the Act and the Pooling Order, persons whose entitlements have been purportedly placed by the Unit Operator into the Escrow Account, and persons who, according to the Unit Operator, are the claimants to the Escrowed Funds). The Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.

4. Prior Proceedings:

4.1 At the Board's hearing on February 18, 1992, in Docket No. VGOB 92/02/18-0185, the Board granted the relief sought by PGP (herein sometimes referred to as "Operator") and pooled all interests in Subject Formations in the Subject Drilling Unit underlying the Subject Lands for the production of coalbed methane gas (herein sometimes referred to as "Gas" or "Coalbed Methane Gas") from active gob areas from the base of the Pocahontas No. 2 seam of coal upward to and in communication with all seams and areas below the Tiller seam of coal (herein "Subject Formations") pursuant to Va. Code §§ 45.1-361.21, Va. Code § 45.1-361.22, and the terms of the Pooling Order, and the Board named PGP as the Operator. The Supplemental Order, which incorporated the Operator's Affidavit of Election, was entered by the Board *sua sponte* on July 11, 1996 to comply with the requirements of the Board's Regulation 4 VAC 26-160.70.C. by supplementing the Pooling Order to complete the record regarding elections and to identify to the Board those claimants whose interests were subject to the escrow requirements of the Act and the Pooling Order.

4.2 In their application to the Board to withdraw those funds in the Escrow Account which Applicants claim are uniquely attributable to their mutually conflicting Gas interests in Tract 5 of the Subject Drilling Unit, the Applicants warranted and represented to the Board that:

- a. Hugh MacRae Land Trust (herein "Trust") and PGP are the conflicting Gas claimants within Tract 5 of Subject Drilling Unit (herein "Tract 5"),
- b. By Assignment and Bill of Sale dated as of December 29, 1997 (herein "Assignment"), Trust assigned to Torch all of its interests in bonus and royalty payments (including, but not limited, to those deposited by the Unit Operator into the Escrow Account) allocable to its conflicting Gas interest in Tract 5, a tract representing in the aggregate 11.4 percent of Subject Drilling Unit,
- c. Subsequent to the Assignment, Torch and PGP became the sole claimants to the Escrowed Funds uniquely attributable to Tract 5,
- d. Trust, Torch and PGP by agreement dated December 30, 1997 (herein "Settlement Agreement") agreed that the portion of the Escrowed Funds uniquely attributable to Tract 5 of Subject Drilling Unit, once determined, were to be paid as follows: a sum equal to fifty percent (50%) to Consolidation Coal Company (herein "CCC") and fifty percent (50%) Torch.

4.3 Through the application filed herein, the Applicants' seek a partial disbursement of funds from the Escrow Account; however, according to the Affidavit of Election filed with the Board by the Operator in support of the Supplemental Order (DB 451/P172), Applicants'

interests in Subject Drilling Unit were not identified as being subject to the Escrow Requirements of the Act or the Pooling Order, purportedly based on the fact that the Applicants had entered into voluntary agreements with the Unit Operator with respect to their interests in Subject Drilling Unit. Notwithstanding the fact that the Supplemental Order did not indicate the Operator's intention to escrow those funds due Applicants' pursuant to the terms of their voluntary agreements, testimony presented to the Board at its hearing of this matter revealed that the Operator nonetheless has deposited funds attributable to said interests in the Escrow Account; therefore, the Board instructed the Operator to file an amended Affidavit of Election to support of an Amended Supplemental Order in order to properly reflect those interests in Subject Drilling Unit for which funds had actually been deposited by the Operator into the Escrow Account. In compliance with the Board's instructions, the Operator filed with the Board an amended Affidavit of Election executed on May 14, 1998 which the Board attached to and made a part of its Amended Supplemental Order (Deed Book 478/Page 623). A copy of the Exhibit E to the amended Affidavit of Election entitled "List of Conflicting Owners/Claimants that require escrow" is attached hereto and made a part hereof (herein "Exhibit E"). According to this Exhibit E Tracts #30, 31, 32, 33, 34, 35, 36 37, 38, 39, 40, 40A, 40B, 41B and 41C of Subject Drilling Unit have conflicting claims to the Gas and are subject to the Escrow Requirements of the Act, and proceeds from the production of Gas from Subject Drilling Unit allocable to said tracts at some undetermined time commenced being escrowed by the Operator in the Escrow Account.

- 4.4 To comply with instructions given to the Operator by the Board at its hearing of this matter on April 21, 1998, by letter dated August 12, 1998 from Mark Swartz of the firm Swartz & Stump, forwarded to the Board an accounting entitled "Affidavit RE: Amended Supplemental Orders" incorporating a schedule setting forth the total royalties the Operator represents it deposited into the Escrow Account allocated among the 15 tracts referenced in Paragraph 4.3 above (Tracts 41B & 41C being combined into tract 16B for royalty revenue allocation purposes) (herein "Escrow Accounting").
- 4.5 By letter dated October 23, 1998 from Applicants' Counsel, Applicants sought to clarify to the Board that the Tract 5 designated in the Operator's Application for the Pooling Order and in their application filed herein is one and the same as those tracts designated as Tracts 32, 34 and 35 in the Escrow Accounting.
- 4.6 By action taken by the Board on October 20, 1998 in VGOB Docket No. 97/04/15-0576, Application of Hugh McRae Land Trust and Garden Realty Corporation to Withdraw from the Escrow Account those funds attributable or allocable to their conflicting but settled Gas ownership interests in Tract 39 of Subject Drilling Unit, the Board instructed the Escrow Agent, (1) from records filed with it by the Operator and in cooperation with the Operator, to perform the work necessary to create subaccounts and to allocate the funds on deposit in the Escrow Account to the various tracts within Subject Drilling Unit for which funds have been escrowed by the Operator and (2) to report back to the Board its progress on November 17, 1998..

5. Relief Requested: Applicants requested that the Board (1) calculate the amount(s), in the aggregate, attributable to Tract 5 (now designated Tracts 32, 34 and 35), in which Trust/Torch and PGP are the sole claimants, pursuant to the terms of Applicants' voluntary agreements with the Operator, (2) provide for an accounting of said sums by the Operator and by the Escrow Agent to the Applicants, (3) disburse all sums due the Applicants by virtue of their voluntary agreements and/or the Pooling Order, including applicable earnings, whether held by the Operator and/or the Escrow Agent, in the manner set forth in the Settlement Agreement, and (4) direct the Operator in the future to discontinue the payment of Applicants' entitlements attributable to its conflicting claims within Tract 5 (now designated Tracts 32, 34 and 35) into the Escrow Account, but rather to disburse such funds, including any applicable earnings, together with an accounting thereof, to Applicants in accordance with the Settlement Agreement entered into between Trust, Torch and PGP.

6. **Special Findings:**

- 6.1 PGP's application for the pooling of Subject Drilling Unit contained an Exhibit E that listed owners of conflicting claims to the Gas to be produced by the Operator from the Subject Drilling Unit. Said Exhibit E reflects that (1) Tract 5 is a 73.775 acre tract representing a 39.80% interest in Subject Drilling Unit (2) that 100% of the coal underlying Tract 5 is owned by the Trust, but that the Gas and Oil Owners of Tract 5 are Coal Mountain Mining Company as to 19.84%, Ruby Horn as to 3.80 percent, Thurman Wade as to 8.56%, John V. Hale as to 0.42% and Jack D. Keen as to 7.18%. It appears from an examination of the Pooling Order, Supplemental Order, Amended Supplement Order, application filed herein, Assignment, Stipulation, Operator's Accounting, and letter from Applicants' counsel that: (1) the 3.79750% gas and oil interest in Tract 5 originally held by Ruby Horn has been purchased by PGP and has been redesignated as Tract 32, (2) the 0.41643% gas and oil interest in Tract 5 originally held by John V. Hale has been purchased by PGP and has been redesignated as Tract 34, and (3) 7.17803% interest in Tract 5 originally held by Jack D. Keen has been purchased by PGP and has been redesignated as Tract 35 (See Exhibit B-2 of the Supplemental Order which dismisses as parties to the pooling of Subject Drilling Unit with respect to a 73.775 Acre Tract the following persons: Coal Mountain Mining Company, Ruby Horn, John V. Hale and Jack D. Keen, whose interests are shown to have been purchased).
- 6.2 While the Supplemental Order did not contain an Exhibit E identifying any conflicting claimants within Subject Drilling Unit whose interests became subject to the Escrow Requirements of the Act or of the Pooling Order, in May 1998 the Operator filed with the Board an amended Affidavit of Election to correct the record with respect to funds being placed by the Operator into the Escrow Account. This Amended Affidavit of Election incorporated a revised Exhibit E that reflects that the Operator was depositing funds into the Escrow Account for Tracts 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, and 40A. The Board is unable to determine from the evidence presented when the Operator commenced depositing funds attributable to Tracts 32, 34 and 35 in the Escrow Account, or the period of time during which said funds have been on deposit in said account.
- 6.3 The Escrow Accounting filed with the Board by the Operator in August 1998 reflects that Tract 32 is coded 9100070-3A and that the Operator has deposited into the Escrow Account the sum of \$7,192.31 for said Tract, Tract 34 is coded 9100070-5A and that Operator deposited into the Escrow Account the sum of \$788.98 for said Tract, and Tract 35 is coded 9100070-6A and that the Operator deposited into the Escrow Account the sum of \$13,515.37 for said Tract, or that a total of \$21,496.66 attributable to Applicants aggregate interest in Subject Drilling Unit has been deposited by the Operator into the Escrow Account (herein "Principal").
- 6.4 Through their testimony and the application filed herein, Applicants have represented to the Board that: (1) the sole claimants to the Escrowed Funds attributable to Tracts 32, 34 and 34 (formerly Tract 5) are PGP and Trust, and (2) that Trust, Torch and PGP entered into the Settlement Agreement effective December 30, 1997 according to Applicants authorizes fifty percent (50%) of the Escrowed Funds attributable to their interests be paid to CCC and fifty percent (50%) be paid to Torch. However, an examination of the Settlement Agreement reveals that Applicants representations are incorrect in that : (1) PGP is not a party to the Settlement Agreement which purports to dispose of its interests, and (2) while CCC is a party to the Settlement Agreement, CCC has no apparent interest in Tracts 32, 34 and 35 of Subject Drilling Unit.
- 6.5 The Pooling Order, the Supplemental Order, the Amended Supplemental Order, and the Board's contract with the Escrow Agent directed and authorized the Escrow Agent to set up one escrow account for the Subject Drilling Unit and to receive from the Operator for deposit into that account proceeds subject to the escrow requirements of the Act and the Pooling Order. Funds within the SLW7 Drilling Unit Escrow Account are not segregated by tract within the drilling unit, nor is interest accrued or fees assessed on a tract by tract basis.

6.6 Va. Code § 45.1-361.22.A.5. provides that *"The Board shall order payment of principal and accrued interest from the escrow account to all persons legally entitled thereto pursuant to the provisions of § 45.1-361.21 and the order of the Board. Such order shall be issued within thirty days of receipt of notification of the final legal determination of entitlement thereto or upon agreement of all claimants."* Neither the Act or the regulations promulgated pursuant thereto define the term "entitlement". The Board in applying its common meaning as set forth in Black's Law Dictionary (right or benefits, income or property, which may not be abridged without due process) defines the term "entitlement" as used in Va. Code § 45.1-361.22.A.5. to mean: *"the liquidated dollar amount of that portion of the Escrowed Funds which is uniquely attributable to each Gas Owner's interest in Subject Drilling Unit" which liquidated amount is comprised of the Principal deposited by the Operator into the Escrow Account, plus interest accruing on the Principal for the period of time said Principal was on deposit in the Escrow Account (herein "Interest"), less the fees charged by the Escrow Agent to the Escrow Account allocable to Applicants' interest therein (herein "Fees") (herein Principal, plus Interest, less Fees is collectively referred to as "Entitlement").* In determining whether or not Applicants have established their Entitlement to the Escrowed Funds, the Board finds that:
(1) With respect to the application herein, there has been no final legal determination of Applicants' entitlement to the Escrowed Funds, (2) all of the conflicting claimants identified by the Operator as having or claiming Gas interests within Subject Drilling Unit have not resolved their conflicting claims or agreed to their respective Entitlement, and (3) that more particularly, with respect to Tracts 32, 34 and 34 of Subject Drilling Unit, Torch and PGP have not resolved their conflicting claims or agreed to their respective Entitlement.

7. **Relief Granted:** Therefore:

7.1. Applicants' request for an accounting by the Operator is granted and is hereby deemed satisfied by the Escrow Accounting, a copy of which has heretofore been provided to the Applicants.

7.2. The Escrow Agent is directed to (1) review all records filed with it by the Operator, or to meet with the Operator to obtain such records as are necessary to perform the work required to create subaccounts within the Escrow Account by tracing and posting on a tract-by-tract basis the funds on deposit in the Escrow Account, including Principal and an allocation of Interest and Fees, to the various tracts referred to in Paragraph 4.2 above and (2) to report back to the Board on November 17, 1998 with respect to its progress pertaining thereto and/or results thereof.

7.3. For the reasons set forth in Paragraph 6 above, Applicants' request for disbursement of funds from the Escrow Account is continued to allow for the presentation to the Board of the information required by Paragraph 7.b. and to: (1) allow Applicants an opportunity to demonstrate to the Board that PGP has entered into an agreement with the other claimant(s) within Tracts 32, 34 and 35 of Subject Drilling Unit with respect to their conflicting claims of ownership to the Gas in said Tracts, (2) to give notice to the Applicants of the Escrow Agent's calculation of the amount of their respective Entitlements and (3) to allow Applicants an opportunity to review the Escrow Agent's calculations and to notify the Board whether or not they agree that said liquidated amount represents their complete Entitlement to and claim against the Escrow Account.


8. **Conclusion:** Therefore, the relief granted is just and reasonable, is supported by substantial evidence, and the Board is entering this Order granting the relief requested as more particularly set forth in Paragraph 6 above and IT IS SO ORDERED.

9. **Effective Date:** This Order shall be effective as of the date of execution hereof.

DONE AND EXECUTED this 2nd day of November, 1998, by a majority of the Virginia Gas and Oil Board.

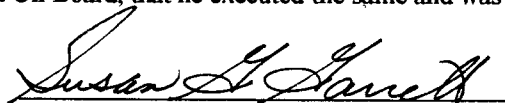

Chairman, Benny R. Wampler

DONE AND PERFORMED this 3rd day of November, 1998, by Order of this Board.


Byron Thomas Fulmer
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF WISE)

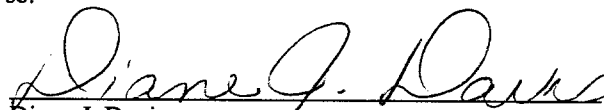
Acknowledged on this 2nd day of November, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My commission expires July 31, 2002:

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 3rd day of November, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane J. Davis
Notary Public

My commission expires September 30, 2001:

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
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Tract #30 - 36.733 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 14 P. O. Box 29 Tazewell, VA 24651	36.79 acres	19.84411%
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OIL & GAS FEE OWNERSHIP

(1) Coal Mountain Mining Company P. O. Box 675 Tazewell, VA 24651	36.79 acres	19.84411%
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Tract #31 - 0.677 Acre Tract

COAL FEE OWNERSHIP

(1) Coal Mountain Mining Company P. O. Box 675 Tazewell, VA 24651	0.68 acres	0.36519%
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OIL & GAS FEE OWNERSHIP

(1) Ernest Keen Heirs, Devisees Successors or Assigns	0.68 acres	0.36519%
(a) Paul Keen Rt. 1, Box 52 Raven, VA 24639	0.11 acres 1/6 of 0.677 acres	0.06086%
(b) Ralph Keen Rt. 1, Box 52 Raven, VA 24639	0.11 acres 1/6 of 0.677 acres	0.06086%
(c) Arnold Keen P. O. Box 388 Oakwood, VA 24631	0.11 acres 1/6 of 0.677 acres	0.06086%
(d) Ruby Hale Cedar Bluff, VA 24609	0.11 acres 1/6 of 0.677 acres	0.06086%
(e) Anna R. Lambert Rt. 1, Box 52 Raven, VA 24639	0.11 acres 1/6 of 0.677 acres	0.06086%
(f) Ann McGowan Rt. 1, Box 52 Raven, VA 24639	0.11 acres 1/6 of 0.677 acres	0.06086%

Tract #32 - 7.040 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 15 P. O. Box 29 Tazewell, VA 24651	7.04 acres	3.79750%
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List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	7.04 acres	3.79750%
<u>Tract #33 - 15.868 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	15.87 acres	8.55948%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Thurman Wade P. O. Box 225 Oawood, VA 24631	15.87 acres	8.55948%
<u>Tract #34 - 0.772 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	0.77 acres	0.41643%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	0.77 acres	0.41643%
<u>Tract #35 - 13.307 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 5 P. O. Box 29 Tazewell, VA 24651	13.31 acres	7.17803%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Pocahontas Gas Partnership P. O. Box 947 Bluefield, VA 24605	13.31 acres	7.17803%
<u>Tract #36 - 0.4475 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	0.45 acres	0.24139%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Earl Marshall Heirs, Devisees Sucessors or Assigns	0.45 acres	0.24139%

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest in Unit
(a) Charles L. Ritchie Rt. 1, Box 258-A St. Paul, VA 24283	0.28 acres 5/8 of 0.4475 acres	0.15087%
(b) Lowery L. Jackson 5001 Parker Avenue West Palm Beach, FL 33405	0.06 acres 1/8 of 0.4475 acres	0.03017%
(c) Corbit Jackson Rt. 1, Box 80 Raven, VA 24639	0.06 acres 1/8 of 0.4475 acres	0.03017%
(d) Herbert L. Jackson P. O. Box 426 Grundy, VA 24614	0.06 acres 1/8 of 0.4475 acres	0.03017%

Tract #37 - 44.907 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr C P. O. Box 29 Tazewell, VA 24651	44.91 acres	24.22364%
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OIL & GAS FEE OWNERSHIP

(1) Ernest Keen Heirs, Devisees Successors or Assigns	47.91 acres	25.84190%
(a) Paul Keen Rt. 1, Box 52 Raven, VA 24639	7.98 acres 1/6 of 47.907 acres	4.30698%
(b) Ralph Keen Rt. 1, Box 52 Raven, VA 24639	7.98 acres 1/6 of 47.907 acres	4.30698%
(c) Arnold Keen P. O. Box 386 Oakwood, VA 24631	7.98 acres 1/6 of 47.907 acres	4.30698%
(d) Ruby Hale Cedar Bluff, VA 24603	7.98 acres 1/6 of 47.907 acres	4.30698%
(e) Anna R. Lambert Rt. 1, Box 52 Raven, VA 24639	7.98 acres 1/6 of 47.907 acres	4.30698%
(f) Ann McGowan Rt. 1, Box 52 Raven, VA 24639	7.98 acres 1/6 of 47.907 acres	4.30698%

Tract #38 - 0.454 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr C P. O. Box 29 Tazewell, VA 24651	0.45 acres	0.24490%
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List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Ernest Keen Heirs, Devisees, Successors or Assigns	0.45 acres	0.24490%
(a) Paul Keen Rt. 1, Box 52 Raven, VA 24639	0.08 acres 1/6 of .454 acres	0.04082%
(b) Ralph Keen Rt. 1, Box 52 Raven, VA 24639	0.08 acres 1/6 of .454 acres	0.04082%
(c) Arnold Keen P. O. Box 386 Oakwood, VA 24631	0.08 acres 1/6 of .454 acres	0.04082%
(d) Ruby Hale Cedar Bluff, VA 24609	0.08 acres 1/6 of .454 acres	0.04082%
(e) Anna R. Lambert Rt. 1, Box 52 Raven, VA 24639	0.08 acres 1/6 of .454 acres	0.04082%
(f) Ann McGowan Rt. 1, Box 52 Raven, VA 24639	0.08 acres 1/6 of .454 acres	0.04082%

Tract #39 - 7.057 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	7.06 acres	3.80667%
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OIL & GAS FEE OWNERSHIP

(1) Garden Realty Corporation c/o Betty Boyd King 2370 Lyndhurst Avenue Winston-Salem NC 27103	7.06 acres	3.80667%
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Tract #40 - 11.923 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	11.92 acres	6.43148%
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OIL & GAS FEE OWNERSHIP

(1) W. J. Sisk Heirs, Devisees, Successors or Assigns	11.92 acres	6.43148%
(a) Dale Hodge Chambers Rt. 1, Box 82 Raven, VA 24639	3.97 acres 7/21 of 11.923 acres	2.14383%

List of Conflicting Owners/Claimants that require escrow

	Net Acres In Unit	Interest In Unit
(b) Larry Douglas Chambers Rt. 1, Box 31 Raven, VA 24639	6.25 acres 11/21 of 11.923 acres	3.36887%
(c) Jimmy Donald Sisk 3153 Creekside Drive Norton, OH 44203	0.43 acres 1/28 of 11.923 acres	0.22970%
(d) Walter Jackson "Bud" Sisk 229 Hescue Street Kingsport, TN 37665	0.43 acres 1/28 of 11.923 acres	0.22970%
(e) Nancy Sisk c/o Walter Jackson Sisk 229 Hescue Street Kingsport, TN 37665	0.43 acres 1/28 of 11.923 acres	0.22970%
(f) Maudie Ellen Sanders 600 North 583 Street Kokomo, IN 46901	0.43 acres 1/28 of 11.923 acres	0.22970%

Tract #40A - 1.37 Acre Tract

COAL FEE OWNERSHIP

(1) Hugh Macrae Land Trust Trust P. O. Box 29 Tazewell, VA 24651	1.37 acres	0.73900%
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OIL & GAS FEE OWNERSHIP

(1) W. J. Sisk Heirs, Devisees, Successors or Assigns	1.37 acres	0.73900%
(a) Dale Hodge Chambers Rt. 1, Box 32 Raven, VA 24639	0.46 acres 7/21 of 1.37 acres	0.24633%
(b) Larry Douglas Chambers Rt. 1, Box 31 Raven, VA 24639	0.72 acres 11/21 of 1.37 acres	0.38710%
(c) Jimmy Donald Sisk 3153 Creekside Drive Norton, OH 44203	0.05 acres 1/28 of 1.37 acres	0.02639%
(d) Walter Jackson "Bud" Sisk 229 Hescue Street Kingsport, TN 37665	0.05 acres 1/28 of 1.37 acres	0.02639%
(e) Nancy Sisk c/o Walter Jackson Sisk 229 Hescue Street Kingsport, TN 37665	0.05 acres 1/28 of 1.37 acres	0.02639%
(f) Maudie Ellen Sanders 600 North 583 Street Kokomo, IN 46901	0.05 acres 1/28 of 1.37 acres	0.02639%

List of Conflicting Owners/Claimants that require escrow

	Net Acres in Unit	Interest in Unit
<u>Tract #40B - 1.662 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Hugh Macrae Land Trust Tr 17 P. O. Box 29 Tazewell, VA 24651	1.66 acres	0.89651%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Corbit Jackson Rt. 1, Box 80 Raven, VA 24639	1.66 acres	0.89651%
<u>Tract #41B - 0.76 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Coal Mountain Mining Company P. O. Box 675 Tazewell, VA 24651	0.76 acres	0.40996%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Garden Realty Corporation c/o Betty Boyd King 2370 Lyndhurst Avenue Winston-Salem NC 27103	0.76 acres	0.40996%
<u>Tract #41C - 0.16 Acre Tract</u>		
<u>COAL FEE OWNERSHIP</u>		
(1) Coal Mountain Mining Company P. O. Box 675 Tazewell, VA 24651	0.16 acres	0.08631%
<u>OIL & GAS FEE OWNERSHIP</u>		
(1) Garden Realty Corporation c/o Betty Boyd King 2370 Lyndhurst Avenue Winston-Salem NC 27103	0.16 acres	0.08631%